

Message Text

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11

ACTION EUR-25

INFO OCT-01 EA-11 IO-14 ISO-00 SWF-02 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01 OMB-01

NSC-07 SS-20 STR-08 CEA-02 AGR-20 IGA-02 DRC-01 AF-10

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R 241733Z MAY 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6949

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY OSLO

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRIGULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: EC FERTILIZER POLICY

REF: STATE 092531

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1. SUMMARY. EC COMMISSION OFFICIALS HAVE NOT PROGRESSED VERY FAR IN CONSIDERING FERTILIZER POLICY AND THE LDC QUESTION. THEY ARE UNCERTAIN OF THE COMMUNITY'S LEGAL ABILITY TO INFLUENCE THE DESTINATION OF EXPORTS. THEY VIEW THE PROBLEM FOR LDCS AS ESSENTIALLY ONE OF PRICE AND FOREIGN EXCHANGE AVAILABILITY RATHER THAN ABSOLUTE SUPPLY AVAILABILITY, WHILE RECOGNIZING THE TWO ARE RELATED. THIS SUBJECT COULD BE RAISED WITH A EUROPEAN DEVELOPMENT FUND TEAM MEETING WITH AID OFFICERS IN WASHINGTON MAY 30. END SUMMARY.

2. WE DISCUSSED THE QUESTION CONTAINED IN REFTEL WITH OFFICIALS OF THE EC COMMISSION'S DIRECTORATE'S GENERAL FOR AGRICULTURE AND DEVELOPMENT AID.

3. THE COMMISSION OFFICIALS WERE GREATLY INTERESTED IN THE POINTS RAISED BY US BUT THERE IS NO EVIDENCE THAT WITHIN THE COMMISSION SPECIAL CONSIDERATION HAS BEEN GIVEN SO FAR TO THIS SPECIFIC PROBLEM. IN MORE GENERAL TERMS THE CHEYSSON PROPOSAL FOR A \$3 BILLION FUND TO ASSIST THE MSA'S WAS AIMED IN PART AT MEETING THE FOREIGN EXCHANGE COSTS OF FERTILIZER IMPORTS AND PRODUCTION.

4. OUR CONTACTS TOLD US THAT THEY DO NOT HAVE A CLEAR PICTURE OF THE COMMUNITY'S CURRENT FERTILIZER SITUATION SINCE THE STATISTICS AVAILABLE TO THEM DO NOT GO BEYOND THE CALENDAR YEAR 1972.

5. THE COMMISSION OFFICIALS ARE UNCERTAIN WHETHER THE ROME TREATY GIVES THE COMMUNITY ANY COMPETENCE IN THE FIELD OF FERTILIZERS, I.E., WHETHER FOR INSTANCE, THERE EXISTS A JURIDICAL BASIS ENABLING THE COMMUNITY TO TAKE MEASURES INSURING MAINTENANCE OF PRESENT EC FERTILIZER SUPPLIES TO LDC'S IN CASE US EXPORTS TO THESE COUNTRIES SHOULD BE INCREASED.

6. THE OFFICIALS WE CONTACTED EXPRESSED THE OPINION THAT MAINTENANCE AT PRESENT LEVELS OR AN INCREASE IN FERTILIZER AVAILABILITIES IN LDC'S IS NOT LIMITED OFFICIAL USE

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PRIMARILY A QUESTION OF PLANT EFFICIENCY IN THOSE COUNTRIES BUT DEPENDS MUCH MORE ON AVAILABILITY OF FOREIGN EXCHANGE AND ON PRICE LEVELS OF IMPORTED FERTILIZERS AND/OR FERTILIZER RAW MATERIAL. EVEN IF EXPORTS TO LDC'S WERE INCREASED, OR IF THEIR DOMESTIC OUTPUT WERE RAISED, THE HIGH COSTS OF FERTILIZER COULD PREVENT FARMERS FROM USING THEM TO THE EXTENT NECESSARY. HENCE, THE PROBLEM IN THE EYES OF

OUR CONTACTS IS LARGELY ONE OF MAKING FERTILIZERS
AVAILABLE TO LDC PRODUCERS AT PRICES WHICH THEY CONSIDER
ECONOMICALLY SUSTAINABLE.

7.A EUROPEAN DEVELOPMENT FUND TEAM WILL BE MEETING
WITH SENIOR AID/AFRICA OFFICIALS FOR CONSULTATIONS ON
MAY 30 IN WASHINGTON. EC POLICY WITH REGARD TO FERTI-
LIZER FOR THE LDC'S (PARTICULARLY IN AFRICA) MIGHT
APPROPRIATELY BE RAISED AT THAT TIME. GREENWALD

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